

## **The complaint**

Mr A complains NewDay Ltd (“NewDay”) blocked his credit card and took too long to complete its review and reinstate his access.

Mr A says NewDay’s actions have caused him significant distress, inconvenience, financial loss and the lost opportunity of not being able to book a holiday.

## **What happened**

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

On 25 February 2024, NewDay blocked Mr A’s credit card account. NewDay informed Mr A that its review could take up to 28 days to complete. Mr A says NewDay queried one of his payments into his account. Mr A says he then sent NewDay evidence of the payment being made from one of his bank accounts.

Unhappy with NewDay’s actions, and perceived delays with its review, Mr A complained. NewDay didn’t uphold Mr A’s complaint. In short, NewDay said it had made no error in restricting the credit facility, as it has an obligation to protect itself and its customers. NewDay reiterated its review can take up to 28 days to complete.

Mr A referred his complaint to this service. Around the 27 March 2024, NewDay unblocked Mr A’s account.

One of our Investigator’s looked into Mr A’s complaint, and they recommended it should be upheld in part. In summary, their key findings were:

- NewDay were permitted to block Mr A’s credit card account whilst it undertook a review. And it doesn’t have to provide any prior notice nor explanation
- But NewDay progressed the review too slowly. Had NewDay not caused such delay, its likely Mr A would’ve had the use of his account from 5 March 2024
- Given the impact to Mr A wasn’t significant, NewDay should pay him £80 compensation for the distress and inconvenience caused due to its delays

Mr A agreed with what our Investigator said. NewDay didn’t agree and said it had told Mr A the review could take up to 28 days, and its review and related checks need to be verified. And though the Investigator thinks the review should’ve been progressed quicker, this isn’t always possible.

As there was no agreement, this complaint has been passed to me to decide.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided to uphold this complaint in part. I'll explain why.

Financial businesses, like NewDay, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means NewDay needs to restrict, or in some cases go as far as closing, customers' accounts. Having considered NewDay's explanation and related evidence, I'm satisfied it acted in line with its obligations when reviewing and restricting Mr A's account.

I would expect a review of this nature to be carried out without undue delay. I'm aware that this is a credit card and money is therefore lent to Mr A at NewDay's discretion, and not being able to use any credit facility isn't a true financial loss to him. But such a review would understandably cause anxiety, distress, and inconvenience. I say the latter as Mr A says he used his NewDay account as part of his everyday financial routine.

From the information I've been sent, I'm persuaded NewDay couldn't deal with the investigation and review it undertook with the expediency it should reasonably have done so with. Had it acted in the way I think is fair and reasonable, I think the review would likely have been completed around two weeks before it did. I say that because of the timeframe it was able to complete the review once it acted on the information Mr A sent.

I acknowledge NewDay had operational delays and challenges, but in the individual circumstances of this complaint, I'm persuaded its delays caused Mr A some detriment.

Credit card providers generally can demand payment of a debt, and as I said, such borrowing is done at its discretion. I note Mr A says he couldn't book a holiday and so lost out on an opportunity to do so. But the credit doesn't represent funds he is entitled to. So I don't think this is a loss I can fairly take into consideration. I note also that Mr A had access to other accounts.

Mr A says he should be paid £2,000 compensation. But given what I've said above, I'm satisfied a nominal award of £80 is fair compensation for the distress, and some inconvenience, the undue delay caused him.

## **My final decision**

For the reasons above, I uphold this complaint in part. I now direct NewDay Ltd to pay Mr A £80 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 December 2024.

Ketan Nagla  
**Ombudsman**